

ENCONTRO EMPRESARIAL
BRASIL - CHINA

中巴经贸合作研讨会

Brazilian Association of Infrastructure and Basic Industries

BUSINESS MEETING

BRAZIL - CHINA



São Paulo
May 13, 2011

Ralph Lima Terra
Executive Vice-President



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ABDIB AND INFRASTRUCTURE



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ABDIB AND INFRASTRUCTURE

➔ FOUNDED IN 1955 IN SÃO PAULO.

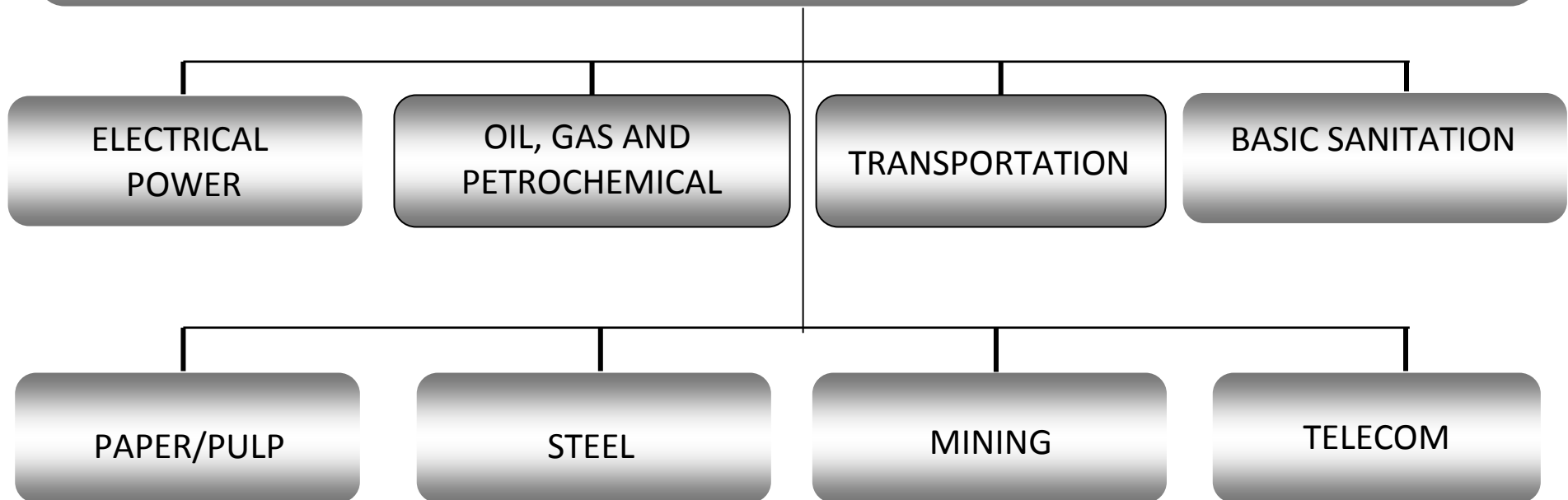
➔ MISSION: TO CONTRIBUTE TO IMPROVE CURRENT BUSINESS ENVIRONMENT AND TO ATTRACT INVESTMENT FROM ALL PARTNER COUNTRIES.

➔ ABDIB'S BOARD MEMBERS ARE PRESIDENTS OR KEY DIRECTORS FROM THE LARGEST ENTERPRISES THAT INVEST OR SUPPLY GOODS AND SERVICES TO INFRASTRUCTURE AND BASIC INDUSTRY MARKETS



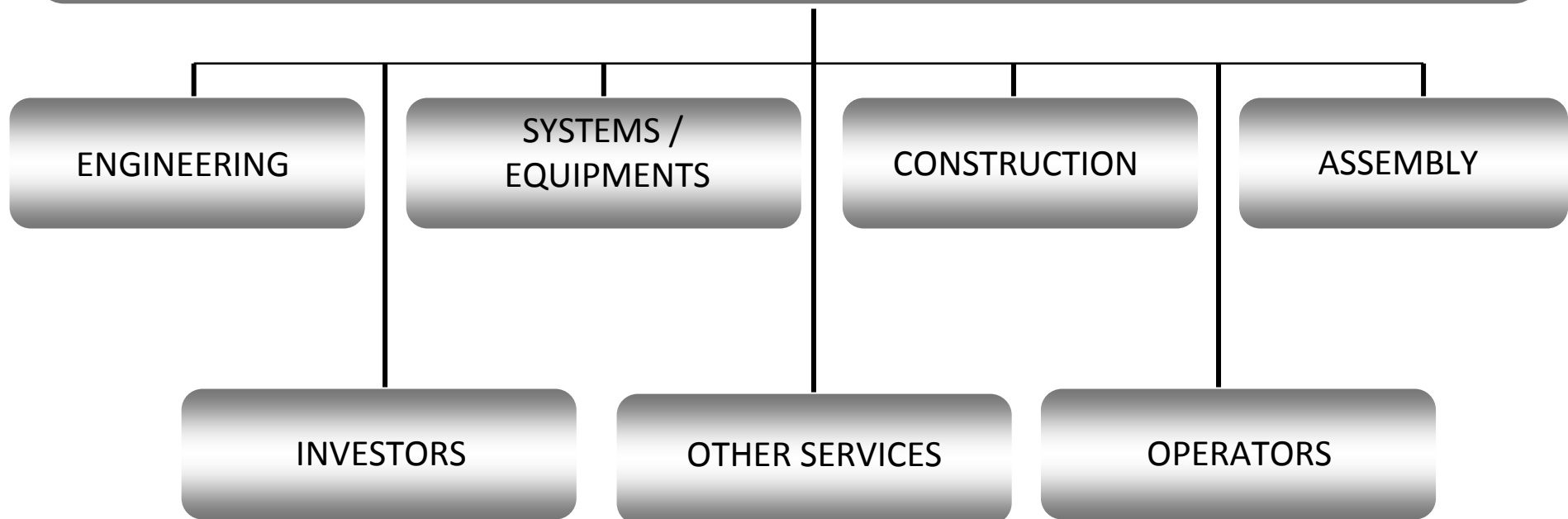
AREA COVERAGE

INFRASTRUCTURE AND BASIC INDUSTRY



INTERRELATED AREAS

*GOODS AND SERVICES FOR INFRASTRUCTURE
AND BASIC INDUSTRY*



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MEMBER COMPANIES

MEMBERS

144

REVENUE 2009

240

US\$ BILLION
(15% GDP)

EMPLOYEES

355,000

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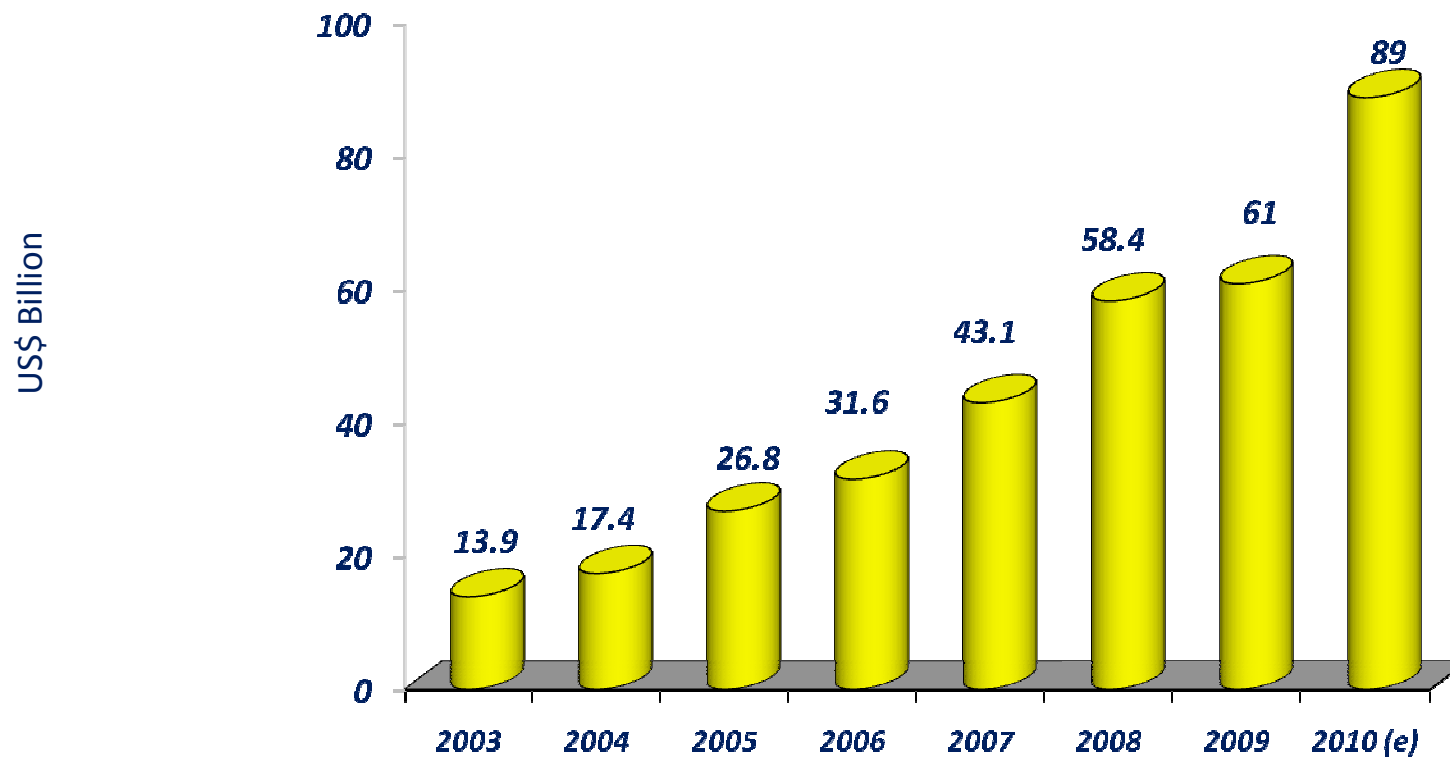
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ACTUAL AND REQUIRED INVESTMENT IN INFRASTRUCTURE



ACTUAL INVESTMENT IN INFRASTRUCTURE

INVESTMENT IN INFRASTRUCTURE – BY YEAR



(e) – Estimated

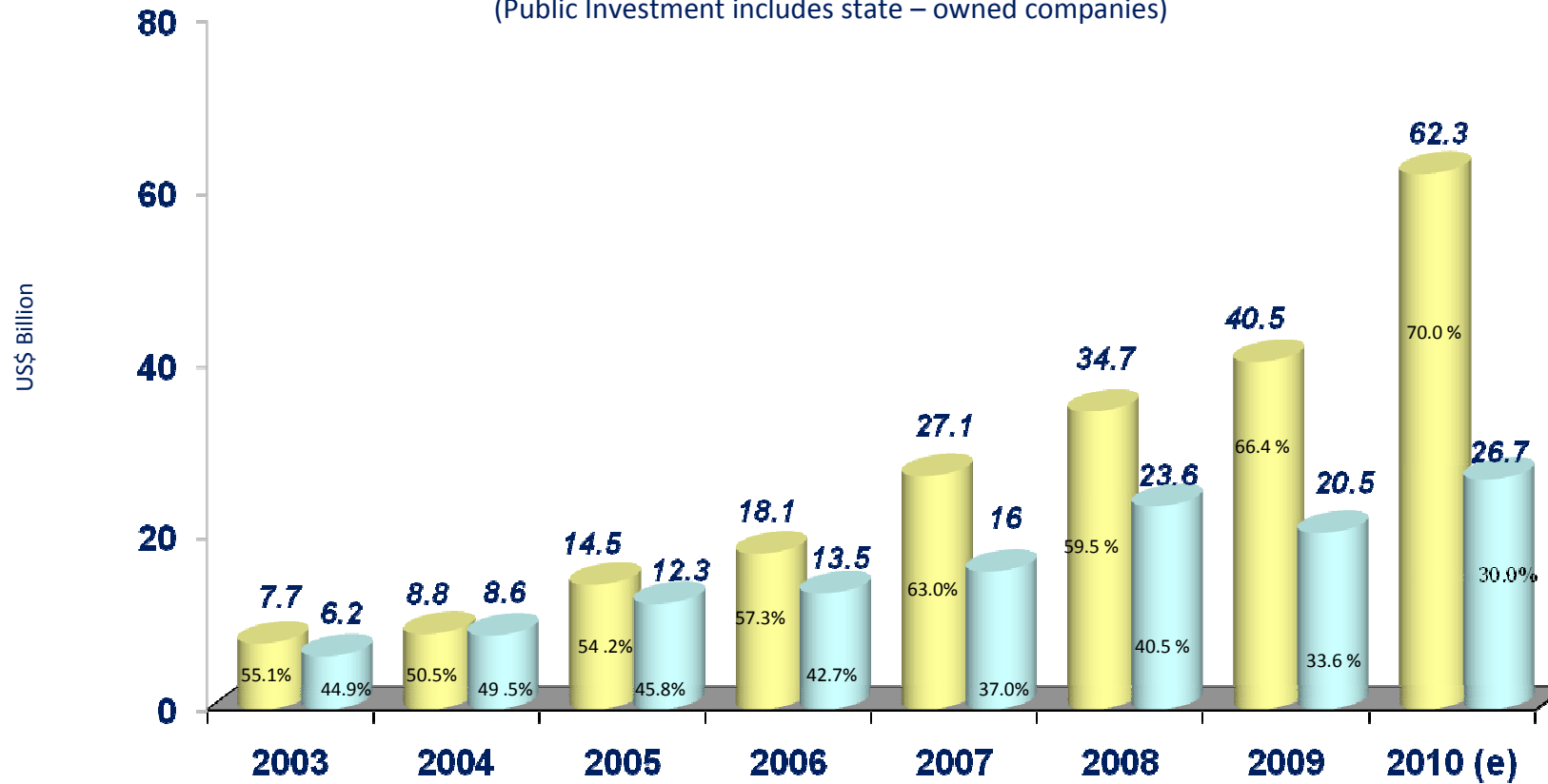
US\$: Avg dollar by year

ACTUAL INVESTMENT IN INFRASTRUCTURE

INFRASTRUCTURE INVESTMENT (PUBLIC AND PRIVATE)

Current Values

(Public Investment includes state – owned companies)



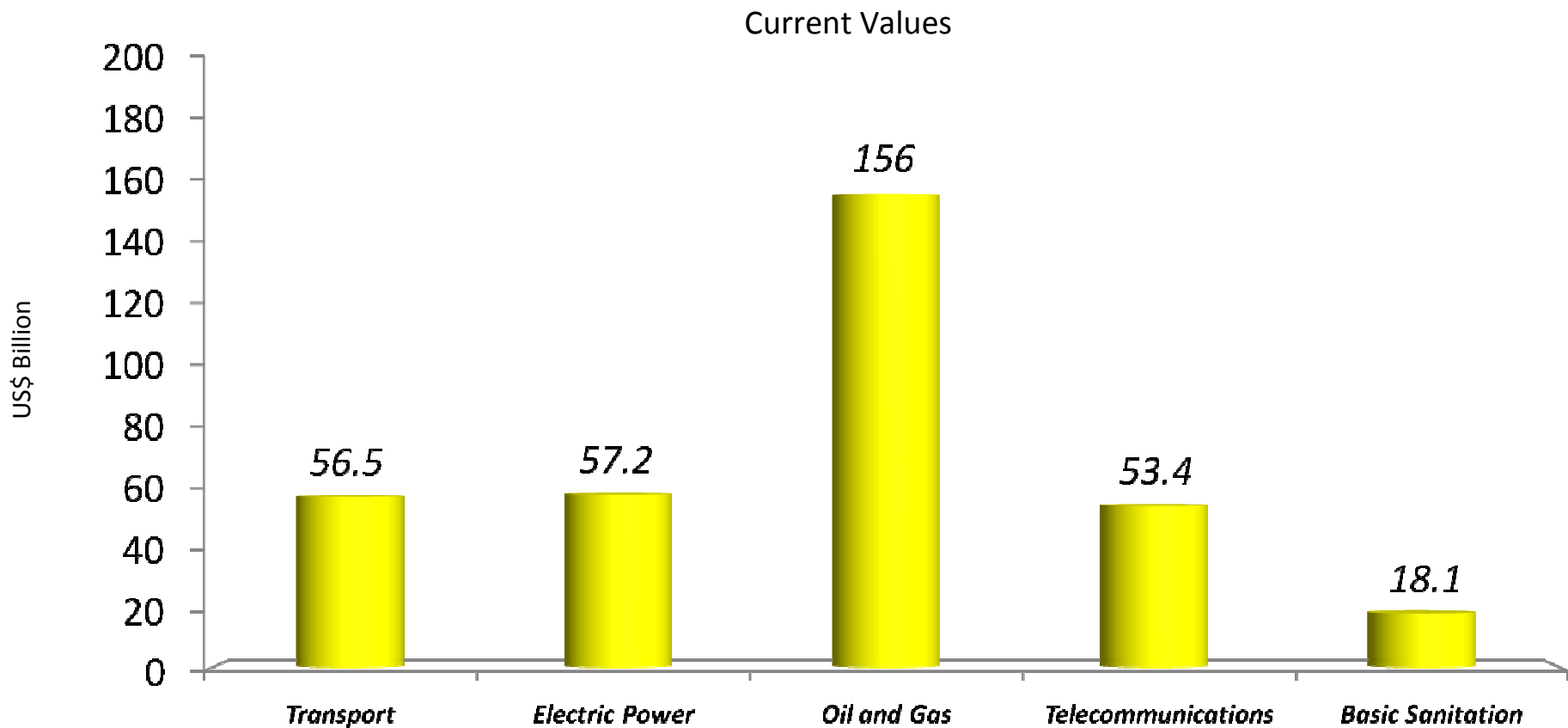
(e) – Estimated

US\$: Avg dollar by year

Public Private



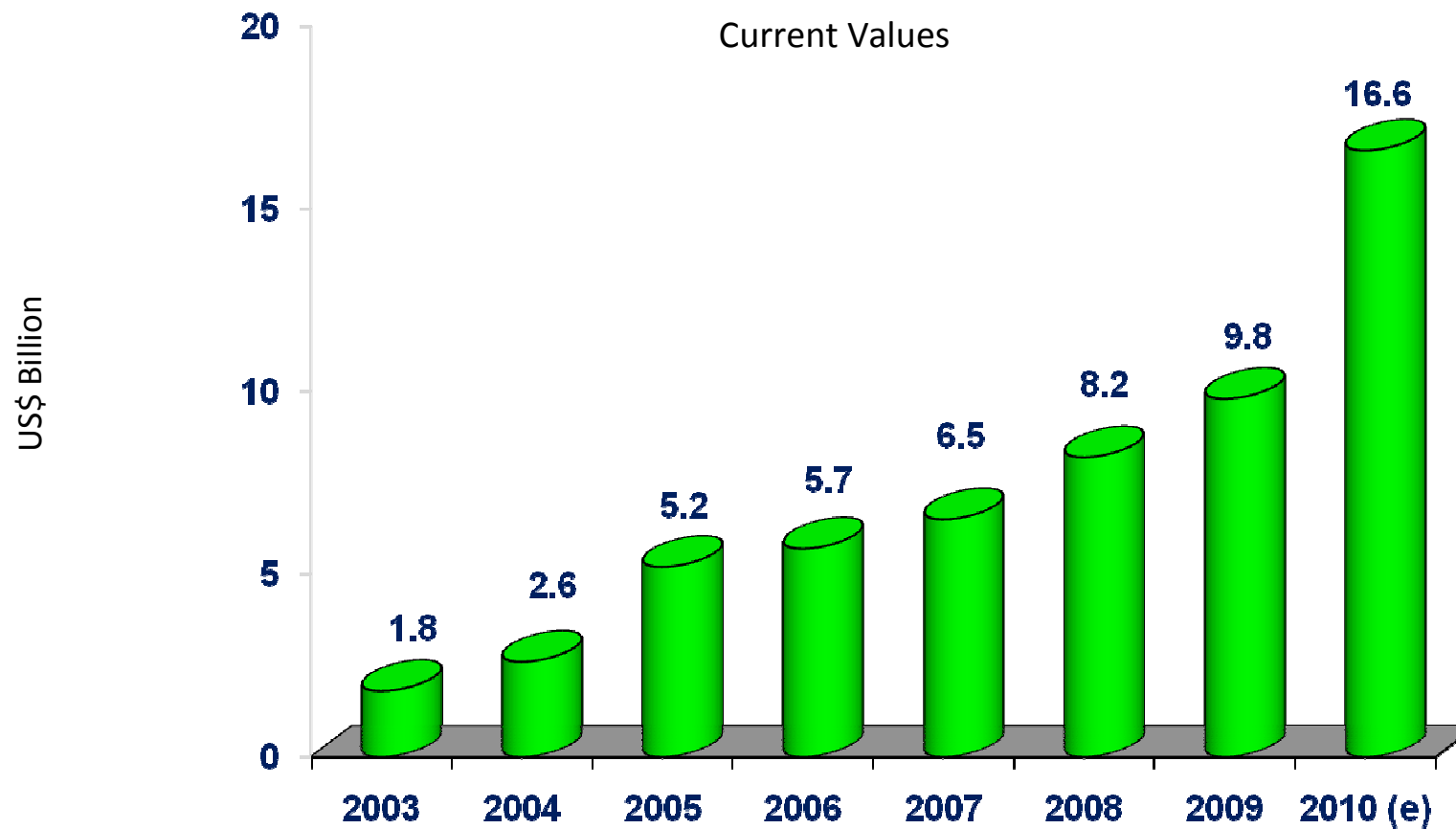
ACTUAL INVESTMENT IN INFRASTRUCTURE - 2003 - 2010



(e) – Estimated- 2010 US\$: Avg dollar by year

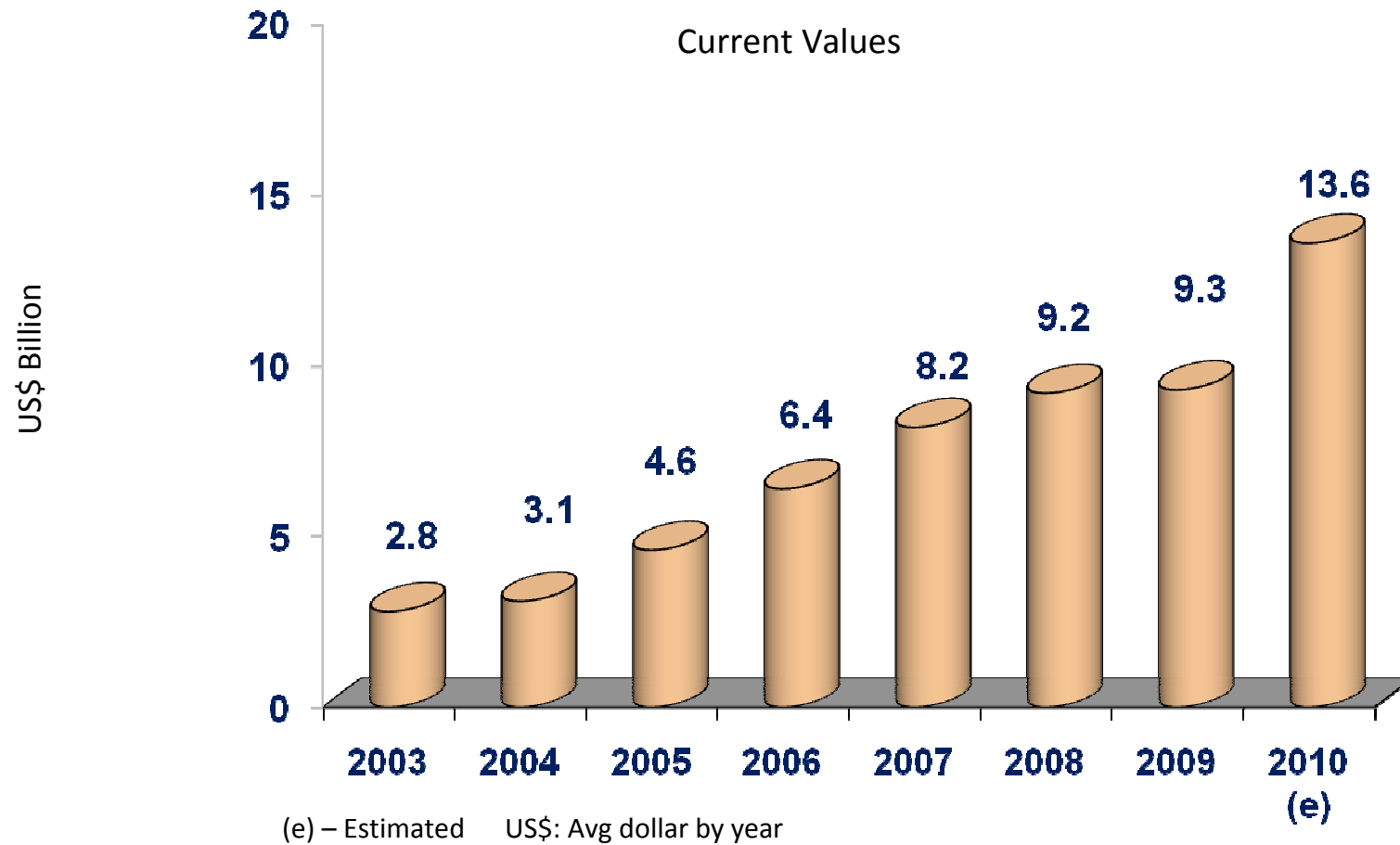


ACTUAL INVESTMENT - TRANSPORT

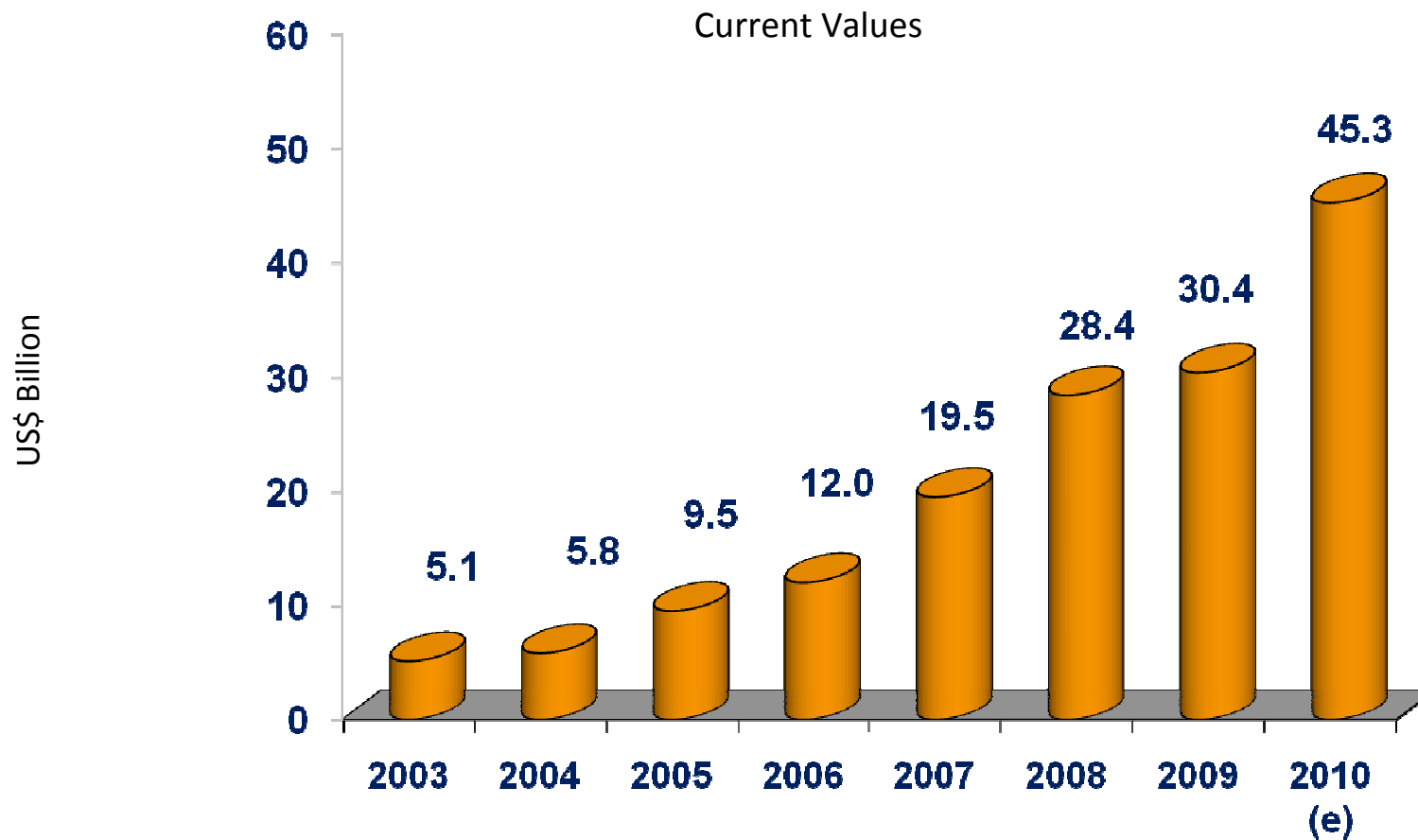


(e) – Estimated US\$: Avg dollar by year

ACTUAL INVESTMENT – ELECTRIC POWER

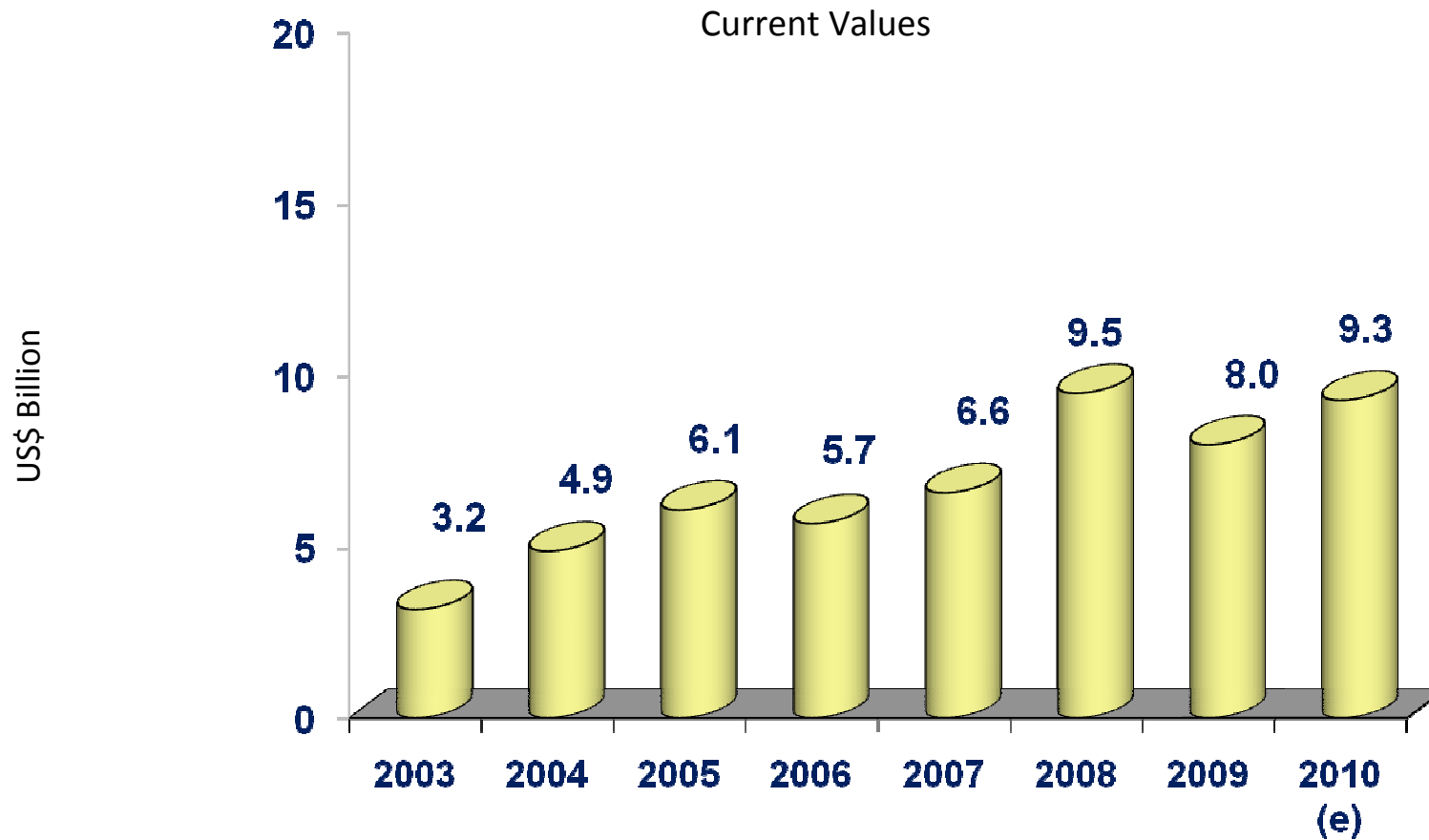


ACTUAL INVESTMENT – OIL AND GAS



(e) – Estimated US\$: Avg dollar by year

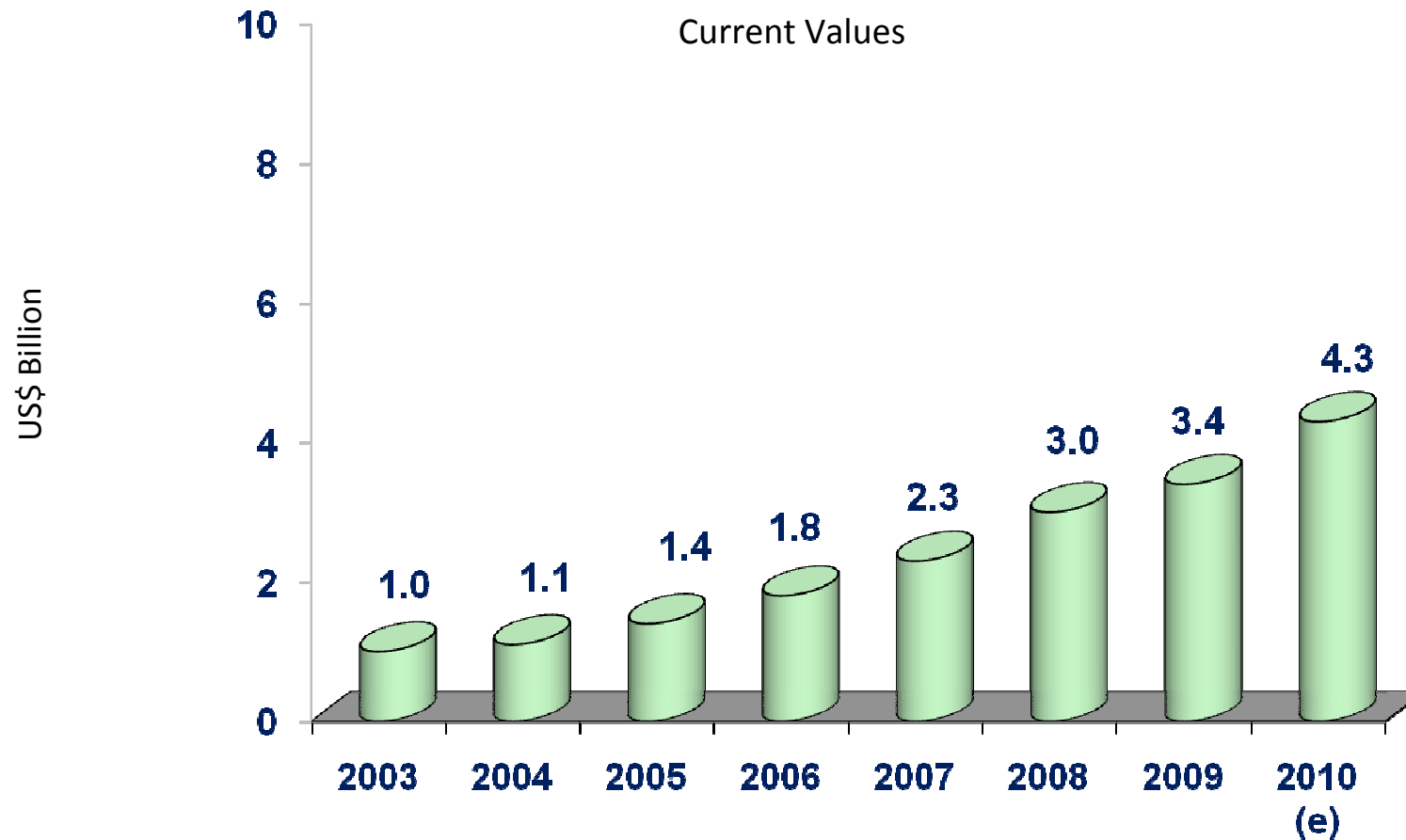
ACTUAL INVESTMENT – TELECOMMUNICATION



(e) – Estimated US\$: Avg dollar by year



ACTUAL INVESTMENT – BASIC SANITATION



(e) – Estimated US\$: Avg dollar by year

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CHALLENGES AND OPPORTUNITIES BY SECTOR

REQUIRED INVESTMENT IN INFRASTRUCTURE (US\$ Billion) – 5 years

ELECTRIC POWER	87.4
OIL AND GAS (*)	232.4
TRANSPORT / LOGISTICS	74.4
BASIC SANITATION	41.7
TELECOMMUNICATIONS (**)	60.8
TOTAL	496.6

NOTE: REQUIRED INVESTMENT UNDER REVISION

Notes: (*) E&P, Downstream, Gas and Energy

(**) Fixed and mobile telephony only

Current US\$ = 1,62 R\$



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CURRENT LEGAL AND REGULATION ENVIRONMENT



CURRENT LEGAL AND REGULATION ENVIRONMENT

ü Concession Law– Law 8,987/1995

ü Key laws in infrastructure sectors

§ Electric Power

Law 9,427/1996 (creates ANEEL)

§ Oil & Gas

Law 9,478/1997 (Energy National Policy)

Law 11,909/2009 (Gas Law)

§ Telecommunication

Law 9,472/1997 (Sector service organizations)

§ Basic Sanitation

Law 11,079/2004 (sets directions)

§ Transport

Law 8,630/2003 (Port Law)

Law 10,233/2001 – (ground and water transport restructuring)

Law 11,182/2005 – (creates ANAC)

ü PPP – Public Private Partnerships

Law 11,079/2004



CURRENT LEGAL AND REGULATION ENVIRONMENT

✓ **Regulatory Agencies**

▪ 7 Agencies at Federal Level

- ANATEL – Telecommunication

Law 9,472/1997

- ANEEL – Electric Power

Law 9,427 / 1996

- ANP – Oil & Gas

Law 9,478 / 1997

- ANTT – Ground Transport

Law 10,233 /2001

- ANTAQ – Water Transport

Law 10,233 / 2001

- ANA – Water resources

Law 9,984 / 2000

- ANAC – Air Transportation

Law 11,182 / 2005

§ 21 agencies at state level and

§ 5 at municipal level



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PLANS FOR INFRASTRUCTURE EXPANSION

10 YEARS EXPANSION PLAN FOR ENERGY

10 YEARS EXPANSION PLAN CONTEMPLATES AN INTEGRATED VISION OF DEMAND AND AVAILABILITY OF SEVERAL SECTORS

ü ELETTRIC POWER

v Generation

Expansion will happen with following additional capacity by type:

- Hydro	= + 33,530 MW
- Thermo	= + 1,405 MW
- Alternative Sources	= + 10,669 MW
- Total	= + 45,604 MW

10 YEARS EXPANSION PLAN FOR ENERGY

v TRANSMISSION

Transmission systems evolution will happen:

- Transmission Lines

+ 36,791 Km

- Sub – Stations (Transformation)

+ 76,139 MVA

10 YEARS EXPANSION PLAN FOR ENERGY

üOIL AND GAS

v EXPLOITATION & PRODUCTION

- Post – Salt Areas
 - § 11th. Bid Round – 174 blocks (Sept/2011)
 - 87 off shore
 - 87 on shore
- Pre – Salt – A New Frontier
 - § Santos, Campos, Espírito Santo Basins
- Ships and Equipments
 - § Modernization and expansion program for Transpetro Fleet
 - § Need to contract
 - Drilling
 - Production Platforms
 - Support and Special Boats

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25 YEARS EXPANSION PLAN FOR LOGISTICS AND TRANSPORT

Target is to resume infrastructure investment level, with at least 1% GDP to transport (2008-2023)

v Roadways

Improvement of current road system:

- Maintenance of Federal network with recovery, conservation and signaling services
- Expansion of Federal system with road duplication, construction, pavement.


- Extension = 43,203 Km



25 YEARS EXPANSION PLAN FOR LOGISTICS AND TRANSPORT

v Railways

Improvement of railway network to promote a better infrastructure with a modern and high capacity railway system.

• Projects under study	= 3,687 km
• Projects being evaluated	= 6,522 km
TOTAL PROGRAM	= 10,209 Km
	
• Existing Network	= 28,831 km
• Ongoing Projects	= 5,680 km
• Total Program	= 10,209 km
TOTAL	= 44,720 km

§ Passengers

Study Development and implementation of high speed trains

- Campinas / São Paulo / Rio de Janeiro = 511 Km

25 YEARS EXPANSION PLAN FOR LOGISTICS AND TRANSPORT

v Ports

- POTENTIAL INVESTMENT

Authorization plan by Antaq identifies 19 areas and 45 sub-areas with large potential to install new ports or expand existing ones according to demand.

v Airports

- INVESTMENT PLAN (2010 - 2014)

Infraero has presented a work plan, totaling R\$ 5.6 billion for 16 airports to support demand for World Cup 2014

WORLD CUP 2014

Estimated Investment Volume (US\$ Million)		
<i>Dimension</i>	<i>Quantity of Projects</i>	<i>US\$ Value</i>
<i>URBAN MOBILITY</i>	<i>284</i>	<i>33,533.55</i>
<i>AIRPORTS</i>	<i>35</i>	<i>3,426.25</i>
<i>PORTS</i>	<i>7</i>	<i>370.35</i>
<i>ELECTRICAL POWER</i>	<i>128</i>	<i>1,331.65</i>
<i>BASIC SANITATION</i>	<i>186</i>	<i>6,216.75</i>
<i>HOTEL NETWORK</i>	<i>130</i>	<i>6,313.05</i>
<i>HOSPITAL NETWORK</i>	<i>25</i>	<i>586.90</i>
<i>SECURITY</i>	<i>63</i>	<i>2,106.97</i>
<i>STADIA / ARENAS</i>	<i>12</i>	<i>2,804.45</i>
<i>TELECOMMUNICATIONS</i>	<i>30</i>	<i>1,742.10</i>
<i>Total</i>	<i>900</i>	<i>58,432.02</i>

Note: US\$ = R\$ 2.00 (Avg dollar in 2009)



OLYMPIC GAMES 2016 – INVESTMENT IN INFRASTRUCTURE

Area	Public Investment (US\$ million)	Investment COJO * (US\$ million)	Total (US\$ million)	%
Olympic Villages	1,270.25	0.00	1,270.25	20.69
Sport Installations	476.65	282.54	759.19	12.13
Security	235.95	0.00	235.95	3.77
Technology	202.93	35.82	238.75	3.81
Transport	3,730.00	0.00	3,730.00	59.59
Total	5,915.78	318.36	6,234.14	100
%	94.91	5.09	100	

*COJO = Games Organization Committee

Note. Investment includes projects for the World Cup 2014

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PAC I (2007 – 2010)

Budget				Completed	Contracted
US\$ Billion				US\$ billion	US\$ billion
Segment	2007 -2010	Increment * up to 2010	2007 -2010	Apr. 2010	Apr. 2010
Logistics	29.15	18.85	48.00	23.05	
Energy	137.4	10.1	147.50	45.75	
Social - Urban	85.40	42.1	127.50	82.45	
TOTAL	251.95	71.05	323.00	151.25 (46.8%)	171.75 (53.2%)

* January 2009

Note: US\$ = R\$ 2.00 (Avg dollar in 2009)

Source: Federal Government



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PAC II (2011 – 2014)*

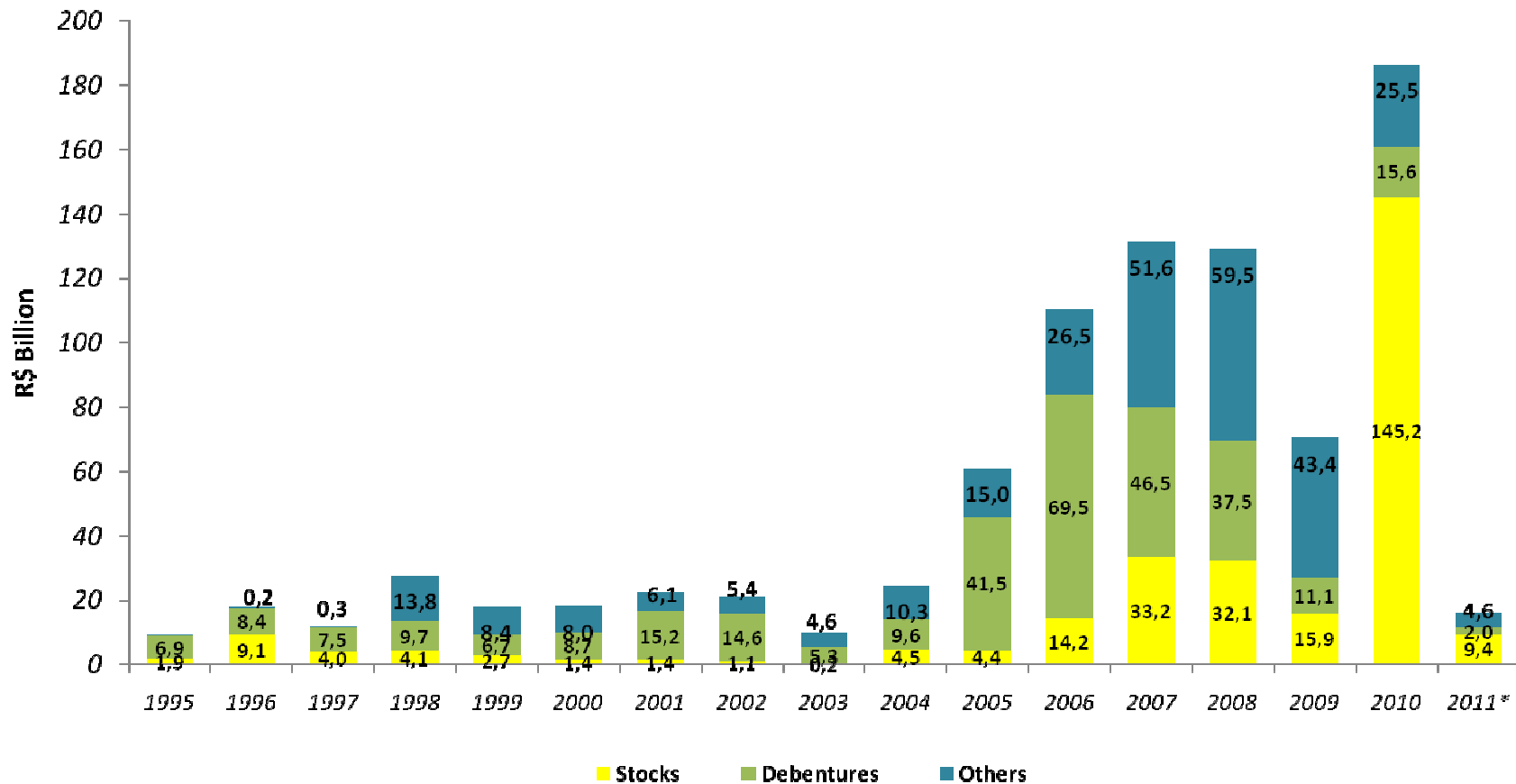
Projected Investment			
US\$ Billion			
Segment	2011 – 2014	Beyond 2014	Total
For a Better City (sanitation + urban mobility)	28.55		28.55
For the Community (healthcare + education)	11.55		11.55
My home, my life (housing)	139.10		139.10
Water and Light for all	15.30		15.30
Transport / Logistics	52.25	2.25	54,50
Energy	232.75	313.55	546.30
TOTAL	479.50	315.80	795.30

* Launched March 29, 2010

Note: US\$ = R\$ 2.00 (Avg dollar in 2009)



Capital Market – Primary Issues - 1995 – 2011 (R\$ billion)

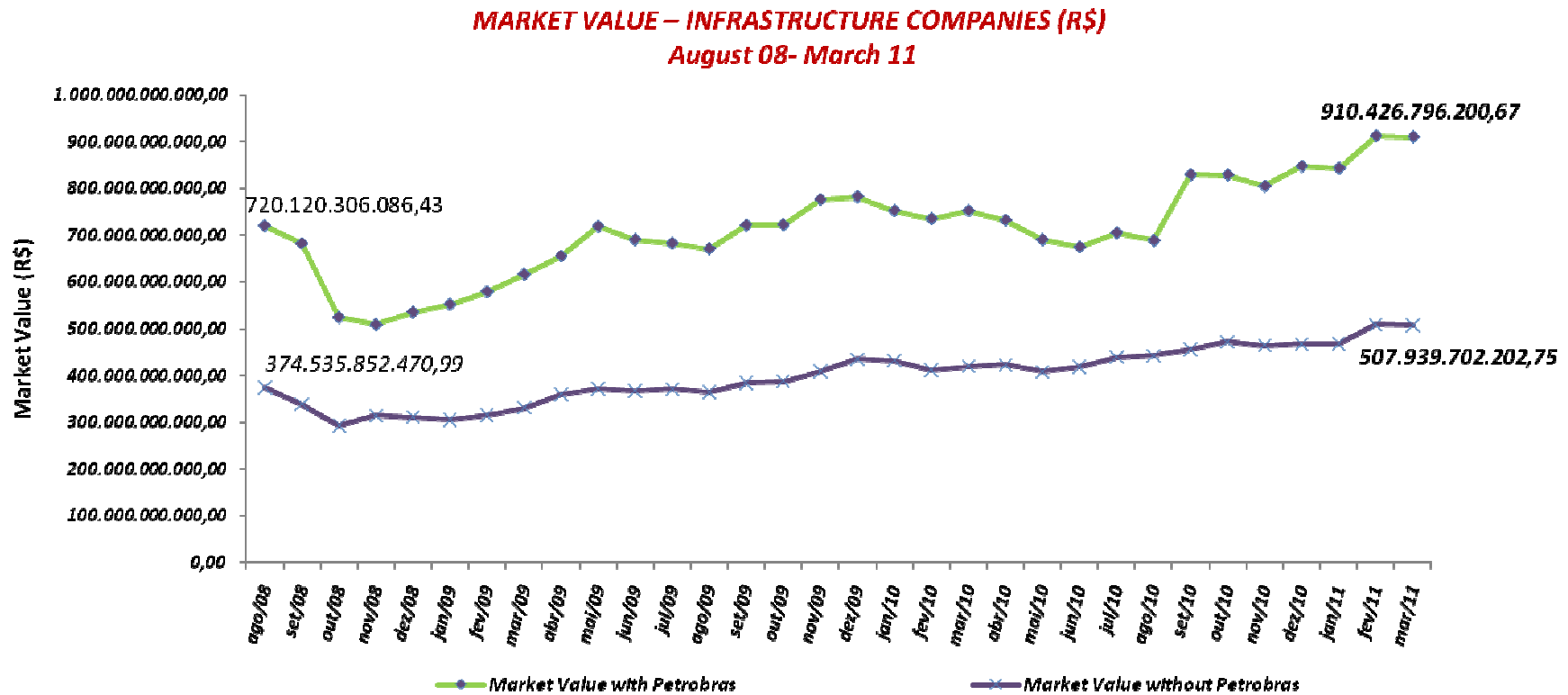


*promissory notes, quotas of real estate investment funds, participation funds, collective investment bonds, among others

** In May 2011

Source: CVM Elaboration: ABDIB

MARKET VALUE – INFRASTRUCTURE COMPANIES(R\$)



Source: Bovespa - Elaboration: ABDIB

BNDES Outlays by Activity - 2003 - 2010 - (R\$ billion and %)

Current Values

R\$ Billion

Activity	2003	2004	2005	2006	2007	2008	2009	<u>2010</u>
Agribusiness	4.6	6.9	4.1	3.4	5.0	5.6	6.9	10.1
Industry	14.1	13.1	18.5	19.6	18.0	30.1	29.6	41.4
Basic Industry	1.9	2.6	4.7	6.2	6.6	5.7	10.7	8.7
Commerce and Services	3.7	3.4	4.6	5.6	8.7	11.6	21.1	30.7
Infrastructure	9.2	13.9	15.2	16.6	26.6	37.9	68.1	77.5
Total	33.5	39.9	47.1	51.4	64.9	90.9	136.4	168.4

%

Share of basic industry (%)	5.7	6.5	10.0	12.1	10.2	6.3	7.8	5.2
Share of infrastructure (%)	27.5	34.8	32.2	32.3	41.0	41.7	50.0	46.0

Source: BNDES Elaboration: ABDIB



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INVESTMENT FUNDS IN INFRASTRUCTURE

ü Main Investment Funds– FIPs

AG Angra Infraestrutura – FIPs

FIP Brasil Energia

Infra Brasil FIP

BRz Logística

FIP – Caixa Ambiental

FIP Energia PCH

FI – FGTS

Note: Capital committed = 10.6 US\$ billion Approx.



RECENT LEGISLATION

ü **MPV 517/2010**

v Aims at establishing a different tax treatment for bonds used in infrastructure projects

v Supports long term private financing to this sector.

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